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**REPORT TO:** FINANCE AND MANAGEMENT  
COMMITTEE

**AGENDA ITEM:** 12

**DATE OF  
MEETING:** 22 NOVEMBER, 2001

**CATEGORY:**  
DELEGATED

**REPORT FROM:**  
CHIEF FINANCE OFFICER

OPEN

**MEMBERS'  
CONTACT POINT:** CHRIS SWAIN (595812)

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**SUBJECT:** BEST VALUE REVIEW  
FINANCIAL SERVICES –  
REVENUES AND BENEFITS

**REF:**

**WARD(S)  
AFFECTED:** ALL

**TERMS OF  
REFERENCE:**

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## **1.0 Recommendations**

### **1.1 Members are asked to**

- Support the preferred option outlined within the review (Option 2) – paragraph 3.19.
- Support the Invest to Save Bid submitted on behalf of the Derbyshire Consortium
- Authorise the Chief Executive and Chief Finance Officer to further pursue consortium arrangements with the parties to the Invest to Save Bid with a view to forming a joint committee for the procurement and future operation of a Revenues and Benefits System to be used by all members of the Consortium.

## **2.0 Purpose of Report**

- 2.1** The report sets out the progress made on the Revenue Services part of the Financial Services Best Value Review..
- 2.2** It sets out the issues discovered and the options identified at meetings of the Review Team on 6 and 17 September, 2001.
- 2.3** It also updates Members on the progress being made with the joint bid for funding with four other authorities in Derbyshire under the Invest to Save scheme.

## **3.0 Detail**

- 3.1** The Financial Services Best Value Review commenced in May, 2001 and is due to be completed by September, 2002. Revenue Services is part of that review and covers the provision of Council Tax and National Non-Domestic Rate collection and Housing and Council Tax Benefit administration.

- 3.2 Revenue Services was dealt with first due mainly an external factor, that being the existing working partnership with Derbyshire Dales District Council. That authority has carried out a Best Value Review, part of which involves the replacement of the computer system which both authorities have developed over the years.
- 3.3 A further consideration is that taking Revenue Services first is a logical step following on from the benefit backlog that was experienced last year.
- 3.4 The Review commenced with a one-day seminar held for all review team members. The Team was given details on the concept of the Best Value process, including details of the 4 C's and an outline of where we are now. The latter included the following issues:
- The functions of billing, collecting and recovering Council Tax and Non-Domestic Rates.
  - The function of calculating and paying Council Tax Benefit, Rent Allowances and Rent Rebates.
  - The function of receiving and processing payments in person and via third parties.
  - The function of administering the Concessionary Fares Scheme.
  - Staffing (33 members of staff, with 12 being part-time, filling 29 FTE posts)
  - Performance
  - IT systems
- 3.5 The main purpose of this seminar was to give review team members an insight into the work of the Revenues and Benefits Team as well as identifying the key issues for the Team to address over the next few years.
- 3.6 The information provided at the seminar was based on detailed work carried out by Revenues and Benefits staff over the last 4 months to provide a range of background information for review team members.
- 3.7 Overall comparisons with other authorities indicated that the Revenues and Benefits Team was performing well, or indeed very well in line with upper quartile performance across the country. This represented a considerable level of improvement in relation to Benefits, which in a short time had moved from below average performance to well above average performance.
- 3.8 The key issue identified within the Best Value Review discussion has been how this improved level of performance can be maintained. This can be particularly difficult in a relatively small benefits section which is not staffed to deal with unforeseen peaks in workload or indeed considerable periods of long term sickness.
- 3.9 The review therefore began to concentrate on how this key issue could be addressed through closer working with other public sector partners or indeed private sector partners and with the enhanced use of IT to deliver even more streamlined processing.

3.10 The current issues and challenges were outlined. These were:

South Derbyshire specific issues

- **Partnership with Derbyshire Dales** – the Best Value Review undertaken by Derbyshire Dales indicated the need to replace their existing computer system provided in partnership with South Derbyshire. Our Council faces the prospect of either providing this system ourselves and meeting all of the costs associated with it or looking for an alternative in partnership or on our own.

Across Authorities

- **Benefit Fraud Inspectorate** – visiting all authorities over a five-year period and have already produced a report highlighting the need to make a number of changes in a neighbouring authority.
- **Verification Framework** – all authorities are being encouraged to adopt a more rigorous method of assessing benefit claims to prevent fraud.
- **Council Tax recovery**
- **Constant Improvement/BVPI's** – Best Value performance indicators focus closely on revenues and benefits performance.

3.11 Each of the issues and challenges was addressed and the information that had been collected during the summer months was shared with the Review Team.

3.12 It was pointed out that the existing computer system was fragile in nature and was time consuming to maintain. It was unable to provide management information or embrace technology advances. The existing system requires specialist skills and relies on co-operation between both councils, neither of which is able to maintain the system alone. In particular the existing system would not promote joint working, which is identified as an important issue above.

3.13 It was recognised that the authority would have difficulty in meeting the high standards the Benefit Fraud Inspector in relation to computerised information. Furthermore, the software had a direct bearing on the inability to introduce the provisions of the Verification Framework.

3.14 Ideas to introduce a pro-active approach to Council Tax recovery were limited with the time consuming procedures required due to software limitations.

3.15 There is a requirement to achieve constant improvement and produce performance indicators, some of which cannot be provided due to software limitations.

3.16 The Review Team was informed about the areas that had been investigated. These were:

- New Software
- Acquiring software
- Increasing the use of the Electronic Document Image System
- The possible creation of a Derbyshire Consortium
- The investigation of outsourcing and partnership working
- Information received from Benchmarking Clubs
- The outsourcing of non-core activities
- How to embrace E-government initiatives

- 3.17 The above investigations created discussions on a wide range of subjects, enabling the current processes to be examined and challenged as well as looking at different ways of delivering the service.
- 3.18 After considering and debating the information presented, the Review Team, at its next meeting, considered three options for taking the review forward. These options are set out at **Annexe 'A'**.
- 3.19 The Review Team debated the options and considered that Option 2 should be incorporated into the Best Value Review Implementation Plan.
- 3.20 Progress on this part of the review will continue to be reported to the Review Team along with the Terms of Reference for the remainder of Finance Services.

### **Invest to Save Bid**

- 3.21 South Derbyshire is working with another four authorities within Derbyshire to develop consortium arrangements for the replacement of the Councils' Revenues and Benefits System
- 3.22 The other "consortium" members are Bolsover, Derbyshire Dales, High Peak & North East Derbyshire. The Council already has joint working arrangements with Derbyshire Dales to maintain and support its existing "aged" Revenues & Benefits System.
- 3.23 The Consortium has already issued an expression of interest for an Invest to Save Bid and has now moved forward to the next bidding round.
- 3.24 The aim is to secure Government Funding in years 1 and 2 for the replacement of this system across these authorities. This funding would not be available to individual authorities on their own.
- 3.25 If successful this bid could release funding of over £1m across the 5 authorities and make a significant contribution to the cost of any new system.
- 3.26 The bid is not however just about replacing a computer system. It also identifies ways that the system can be used a stepping stone for these councils to work more closely together to improve and maintain already good performance on benefit processing. This includes:-
- Sharing resources so that one authority may be able to provide temporary help to address backlogs in other authorities.
  - Developing centres of excellence so that individual authorities become the expert in certain aspects of revenues and benefits administration and share this expertise with other authorities.
- 3.27 If successful, the bid envisages a new system will be in place by 1 April 2003. With the involvement of five authorities a Joint Committee of members from each authority is considered the most appropriate route to procuring a replacement system.
- 3.28 Given the issues identified within the Best Value Review, the Invest to Save bid provides a platform for generating the funding and partnership working to address many of the issues outlined to date within the review.

#### **4.0 Financial Implications**

- 4.1 The financial implications arising from the adoption of Option 2 in the Implementation Plan are being investigated.
- 4.2 At the moment the costs of implementing a new Revenues & Benefits System are only indicative but again they are set out for information within the table below.

	Year1	Year 2	Year 3	Year 4	Year 5
Cost of New System	44,000	29,000	114,000	114,000	114,000
Existing Budget	170,000	170,000	170,000	170,000	170,000
Savings Anticipated	126,000	141,000	56,000	56,000	56,000

- 4.3 The above figures are only indicative figures but they illustrate the financial benefits that are anticipated from replacing the Council's Revenues and Benefits System in partnership with other Derbyshire Districts.
- 4.4 The savings are greatest in Years 1 & 2 because both of these year are the subject of anticipated financial support from the Invest to Save Government Funds.

#### **5.0 Conclusions**

- 5.1 The Invest to Save Bid provides a workable and cost effective solution to addressing many of the issues stemming from the Best Value Review of Revenues and Benefits.

#### **6.0 Background Papers**

- 6.1 Agenda for Review Team Meeting 6 September, 2001.  
Agenda for Review Team Meeting 17 September, 2001.  
Invest to Save Bid – Derbyshire Revenues Consortium

